

CITY OF OSKALOOSA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

June 30, 2015

CITY OF OSKALOOSA

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CITY OF OSKALOOSA

OFFICIALS

June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Krutzfeldt.	Mayor.	Jan 2016
Tom Jimenez	Council Member.....	Jan 2016
Aaron Ver Steeg.....	Council Member.....	Jan 2018
Doug Yates.....	Council Member.....	Jan 2018
Scottie Moore.....	Council Member.....	Jan 2018
Tom Walling.	Council Member.....	Jan 2018
Jason Van Zetten.	Council Member.....	Jan 2016
Joe Caligiuri.....	Council Member.....	Jan 2016
Michael Schrock, Jr.	City Manager	Indefinite
Amy Miller.....	City Clerk - Finance Director.....	Indefinite
David Dixon.....	City Attorney.	Indefinite
Akhilesh Pal.....	Public Works Director	
Vacant.	Waste Water Director	
Mark Neff.....	Fire Chief	
John McGee.....	Police Chief	
William Ottens.....	Library Director	



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oskaloosa, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include the financial data for the City's legally separate component unit. Accounting principles applicable to the cash basis of accounting require the financial data for the component unit be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity which include the financial data for its component unit. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component unit has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of the City as of June 30, 2015, or the changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Emphasis of a Matter

As disclosed in Note 5 to the financial statements, the City of Oskaloosa adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oskaloosa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the eight years ended June 30, 2014 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the year ended June 30, 2006 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 7, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the budgetary comparison information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 8 through 14 and 42 through 47 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The information identified in the table of contents as miscellaneous data is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2015 on our consideration of the City of Oskaloosa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Oskaloosa's internal control over financial reporting and compliance.

Martens & Company, CPA, LLP

West Des Moines, Iowa
October 1, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

It is an honor to present to you the financial activities of the primary government of the City of Oskaloosa, Iowa. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the primary government of the City of Oskaloosa, Iowa for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The cash and investments of the City at the close of the most recent fiscal year are \$11,267,187 compared to \$10,812,990 as of June 30, 2014.
- The government's total cash and investments increased by \$454,197.
- The City's total long-term debt, excluding compensated absences, decreased by \$1,166,000 during the fiscal year ended June 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction to the City of Oskaloosa's primary government financial statements and provides an analytical overview of the City's financial activities. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

Government-wide financial statements - The government-wide financial statement is designed to provide readers with a broad overview of the City's finances. The statement of activities and changes in cash and investment balances presents information showing how the City's cash and investment balance changed during the most recent fiscal year.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, community and economic development, capital projects and debt service. The business type activities of the City include the sewer, airport, Edmundson Golf Course, storm water and RACI Main Street loans.

The government-wide financial statements include only the primary government of the City. (See Note 1.B)

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statement. Governmental fund information determines whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The City maintains numerous governmental funds. Information is presented separately in the statement of cash receipts, cash disbursements and changes in cash and investment balances for each major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds - The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statement. The City maintains five enterprise funds. The proprietary fund financial statements provide separate information for the Sanitary Sewer Fund and Storm Water Fund, as these funds are considered to be major funds of the City. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non major enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are an accounting device used to accumulate and allocate internally among the City's various functions. The City maintains three internal service funds.

Notes to financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information further explains and supports the financial statements with a comparison of the City's budget for the year.

Supplementary information provides the combining schedules referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds and capital projects and schedules of the City's indebtedness.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the City reports the activities of the funds using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The City does not report capital assets or depreciation on those assets as would be required by GAAP.

Table 1 highlights the City's receipts and disbursements for the fiscal years ended June 30, 2015 and 2014.

Receipts are further divided into two major components: program receipts and general receipts. Program receipts are defined as charges for services and sales, operating and capital grants and contributions. General receipts include taxes and other unrestricted revenue sources.

The City's cash and investment balance for governmental activities decreased from a year ago from \$8.0 million to \$7.9 million. Our analysis below focuses on this change in cash balance and changes in receipts and disbursements from the prior year.

The City's total receipts for governmental activities increased by approximately 3.3 percent or approximately \$.32 million. The total disbursements of governmental activities programs and services increased by approximately \$.08 million or approximately 0.86 percent. The increase in receipts was primarily the result of additional program receipts and various other tax receipts received. The increase in disbursements was primarily the result of increased health insurance claims paid.

Table 1 - City of Oskaloosa's Changes in Cash and Investment Balances
(Expressed in Thousands)
Year ended June 30, 2015

	Governmental Activities 2015	Business Type Activities 2015	Total 2015
Receipts:			
Program receipts:			
Charges for service	\$ 699	\$ 1,996	\$ 2,695
Operating grants, contributions and restricted interest	1,621	218	1,839
Capital grants, contributions and restricted interest	103	19	122
General receipts:			
Property taxes	4,598	-	4,598
Other taxes	1,809	-	1,809
Investment earnings	68	2	70
Other general receipts	1,023	16	1,039
Total receipts	<u>9,921</u>	<u>2,251</u>	<u>12,172</u>
Disbursements:			
Public safety	2,881	-	2,881
Public works	1,441	-	1,441
Culture and recreation	1,161	-	1,161
Community and economic development	1,196	-	1,196
General government	1,232	-	1,232
Debt service	862	-	862
Capital projects	681	-	681
Sewer	-	1,638	1,638
Airport	-	230	230
Edmundson Golf Course	-	20	20
Storm water	-	376	376
Total disbursements	<u>9,454</u>	<u>2,264</u>	<u>11,718</u>
Change in cash and investment balances before transfers	467	(13)	454
Transfers, net	<u>(564)</u>	<u>564</u>	<u>-</u>
Change in cash and investment balances	(97)	551	454
Cash and investment balances, beginning	<u>8,013</u>	<u>2,800</u>	<u>10,813</u>
Cash and investment balances, ending	<u>\$ 7,916</u>	<u>\$ 3,351</u>	<u>\$ 11,267</u>

Table 1 - City of Oskaloosa's Changes in Cash and Investment Balances
(Expressed in Thousands)
Year ended June 30, 2014

	Governmental Activities 2014	Business Type Activities 2014	Total 2014
Receipts:			
Program receipts:			
Charges for service	\$ 651	\$ 2,020	\$ 2,671
Operating grants, contributions and restricted interest	1,532	538	2,070
Capital grants, contributions and restricted interest	65	137	202
General receipts:			
Property taxes	4,630	-	4,630
Other taxes	1,685	-	1,685
Investment earnings	71	3	74
Other general receipts	968	20	988
Total receipts	<u>9,602</u>	<u>2,718</u>	<u>12,320</u>
Disbursements:			
Public safety	2,803	-	2,803
Public works	1,288	-	1,288
Culture and recreation	1,034	-	1,034
Community and economic development	1,162	-	1,162
General government	900	-	900
Debt service	936	-	936
Capital projects	1,250	-	1,250
Sewer	-	2,233	2,233
Airport	-	335	335
Edmundson Golf Course	-	12	12
Storm water	-	121	121
Total disbursements	<u>9,373</u>	<u>2,701</u>	<u>12,074</u>
Change in cash and investment balances before transfers	229	17	246
Transfers, net	<u>-</u>	<u>-</u>	<u>-</u>
Change in cash and investment balances	229	17	246
Cash and investment balances, beginning	<u>7,784</u>	<u>2,783</u>	<u>10,567</u>
Cash and investment balances, ending	<u>\$ 8,013</u>	<u>\$ 2,800</u>	<u>\$ 10,813</u>

The City decreased the total property tax rates in 2015 by approximately 0.1 percent. The City's tax receipts from the tax levy increased by approximately \$57,000 in 2015. The increase was due to an increase in the total property valuations.

The City decreased the total property tax rates in 2014 by less than 0.1 percent. The City's tax receipts from the tax levy increased by approximately \$145,000 in 2014. The increase was due to an increase in the total property valuations.

Table 2 below discloses cost of services for Governmental Activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 2 - Governmental Activities

Programs	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
General government	\$ 1,232,436	\$ 785,449	\$ 900,223	\$ 490,533
Public safety	2,881,145	2,659,108	2,802,950	2,570,420
Public works	1,441,046	215,669	1,287,715	129,614
Culture and recreation	1,160,698	973,214	1,033,721	839,931
Community and economic development	1,196,113	972,200	1,162,314	994,804
Debt service	862,470	847,746	935,563	913,988
Capital projects	681,303	577,999	1,250,104	1,184,660
Total	<u>\$ 9,455,211</u>	<u>\$ 7,031,385</u>	<u>\$ 9,372,590</u>	<u>\$ 7,123,950</u>

Net cost of services is 74% and 76% of total cost of services in 2015 and 2014, respectively. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

Business type activities - Business type activities increased the City of Oskaloosa's cash and investments by \$551,658. Key elements of this increase are as follows:

- Total business type activities' receipts for the fiscal year were approximately \$2.25 million compared to \$2.72 million for 2014. This decrease in receipts was due primarily to funds received from the State of Iowa for reimbursements on a sewer connection in fiscal year 2014. Disbursements decreased by approximately \$438,000 due to decreased capital project expenditures in the Sewer Fund.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's funds is to provide information on near-term inflows, outflows and cash balances of spendable resources. On the following page are the major reasons for the changes in cash and investment balances from the prior year for the City's major funds.

Individual Major Governmental Fund Analysis

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash and investment balance of the General Fund was \$3,005,040, a decrease of \$930,780 from the prior year. This decrease was primarily due to increased transfers to capital projects funds.
- The Special Revenue Road Use Tax Fund cash and investment balance decreased by \$17,941 to \$646,190 during the fiscal year. This Fund's disbursements increased due to the purchase of equipment.

- The Special Revenue Library Maintenance Fund was established by the Local Option Sales and Service Tax Referendum to maintain the Library in future years. The funds are from the Local Option Sales and Service Tax with only interest proceeds from those funds to be expended unless otherwise authorized by the City Council. At the end of the fiscal year, the cash and investment balance was \$1,205,892, an increase of \$26,373 due to reduced disbursements.
- The Special Revenue, Local Option Sales and Service Tax Revenue Funds are disbursed entirely each year and therefore had no cash and investment balance in the current or prior year.
- The Debt Service Fund had a decrease of \$18,682 for an ending cash and investment balance of \$119,355. The decrease was due to decreased tax collections.
- The Special Revenue, Employee Benefits Fund had a decrease of \$5,476 for an ending cash and investment balance of \$145,203. This decrease was due to decreased property tax receipts.
- The Capital Projects Funds had an increase of \$1,012,797 for an ending cash and investment balance of \$1,098,888 due to funds transferred from the General Fund for pavement management.

Individual Major Business Type Fund Analysis

- The cash and investment balance of the Enterprise, Sewer Fund increased \$315,185 to \$2,030,719, due primarily to decreased capital project costs and an increase in transfers from the General Fund.
- The Enterprise, Storm Water Fund recorded an increase of \$269,651 to \$955,255. The increase is due to increased transfers from the General Fund.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment resulted in an increase in operating disbursements related to various projects. The City had sufficient cash and investment balances and revenue to cover the budget amendment.

The City's receipts were \$196,927 less than budgeted. This was primarily due to the City receiving less in intergovernmental receipts than anticipated even after the amendments.

Total disbursements for the primary government were \$2,955,414 less than the amended budget. Actual disbursements for the capital projects, public works and business type activities functions were \$1,188,927, \$303,718 and \$890,815, respectively, less than the amended budget. This was primarily due to the City's capital projects not proceeding as anticipated, and disbursements for sanitary sewer systems and structures running less than were budgeted.

DEBT ADMINISTRATION

At year-end, the City had \$5,006,000 in bonds and other long-term debt compared to \$6,172,000 last year as shown below:

Outstanding Debt at Year-End (Expressed in Thousands)

	2015	2014
General obligation bonds	\$ 660	\$ 865
General obligation notes	1,885	2,420
Revenue bonds and other notes	2,461	2,887
Total	<u>\$ 5,006</u>	<u>\$ 6,172</u>

Debt decreased as a result of scheduled bond and note payments.

The City's general obligation bond rating has been Aa3 since 1999. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to five percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$2,545,000 is well below the City's \$25.4 million debt limit.

More detailed information about the City's long-term liabilities is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the 2016 fiscal year budget. One of those factors is the economy, including the growth within the community (population and taxable value) and changes in funding due to property tax reform and other mandates handed down by the state and federal government.

These indicators were taken into account when adopting the budget for 2016. Budgeted intergovernmental revenues are expected to increase approximately \$736,484 and capital project disbursements are expected to increase approximately \$3,445,911. If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$2,166,445 by the close of 2016.

REQUESTS FOR INFORMATION

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the City's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Amy Miller, Finance Director, 220 South Market Street, Oskaloosa, Iowa 52577.

Basic Financial Statements

CITY OF OSKALOOSA

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2015

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 2,881,145	\$ 67,400	\$ 154,637	\$ -
Public works	1,441,046	652	1,224,725	-
Culture and recreation	1,160,698	77,197	110,287	-
Community and economic development	1,196,113	99,978	123,935	-
General government	1,232,436	439,320	7,667	-
Debt service	862,470	14,724	-	-
Capital projects	681,303	-	-	103,304
Total governmental activities	<u>9,455,211</u>	<u>699,271</u>	<u>1,621,251</u>	<u>103,304</u>
Business type activities:				
Sewer	1,637,576	1,763,650	3,369	-
Storm water	376,048	231,158	-	-
Other	249,652	1,287	214,732	18,900
Total business type activities	<u>2,263,276</u>	<u>1,996,095</u>	<u>218,101</u>	<u>18,900</u>
Total	<u><u>\$ 11,718,487</u></u>	<u><u>\$2,695,366</u></u>	<u><u>\$1,839,352</u></u>	<u><u>\$122,204</u></u>
General receipts and transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Other taxes				
Unrestricted investment earnings				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
\$ (2,659,108)	\$ -	\$ (2,659,108)
(215,669)	-	(215,669)
(973,214)	-	(973,214)
(972,200)	-	(972,200)
(785,449)	-	(785,449)
(847,746)	-	(847,746)
(577,999)	-	(577,999)
(7,031,385)	-	(7,031,385)
-	129,443	129,443
-	(144,890)	(144,890)
-	(14,733)	(14,733)
-	(30,180)	(30,180)
(7,031,385)	(30,180)	(7,061,565)
3,804,066	-	3,804,066
671,186	-	671,186
122,419	-	122,419
1,041,588	-	1,041,588
767,812	-	767,812
68,246	2,193	70,439
998,098	15,589	1,013,687
24,509	56	24,565
(564,000)	564,000	-
6,933,924	581,838	7,515,762
(97,461)	551,658	454,197
8,013,183	2,799,807	10,812,990
\$ 7,915,722	\$ 3,351,465	\$11,267,187
\$ 646,190	\$ -	\$ 646,190
612	-	612
119,355	96,815	216,170
3,341,571	-	3,341,571
3,807,994	3,254,650	7,062,644
\$ 7,915,722	\$ 3,351,465	\$11,267,187

CITY OF OSKALOOSA

Statement of Cash Receipts, Disbursements and Changes in Cash and Investment Balances Governmental Funds

As of and for the year ended June 30, 2015

		Special	
	General	Road Use Tax	Library Maintenance
Receipts:			
Property tax	\$2,732,457	\$ -	\$ -
Tax increment financing	-	-	-
Other city tax	83,654	-	-
Licenses and permits	672,982	-	-
Use of money and property	8,148	-	43,288
Intergovernmental	271,291	1,198,398	-
Charges for service	115,777	-	-
Special assessments	-	-	-
Miscellaneous	1,098,650	-	-
Total receipts	4,982,959	1,198,398	43,288
Disbursements:			
Operating:			
Public safety	2,858,968	-	-
Public works	150,174	1,216,339	-
Culture and recreation	932,378	-	16,915
Community and economic development	39,992	-	-
General government	923,106	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	4,904,618	1,216,339	16,915
Excess (deficiency) of receipts over (under) disbursements	78,341	(17,941)	26,373
Other financing sources (uses):			
Sale of capital assets	10,442	-	-
Transfers in	1,133,967	-	-
Transfers out	(2,153,530)	-	-
Total other financing sources (uses)	(1,009,121)	-	-
Change in cash and investment balances	(930,780)	(17,941)	26,373
Cash and investment balances beginning of year	3,935,820	664,131	1,179,519
Cash and investment balances end of year	\$3,005,040	\$ 646,190	\$ 1,205,892
Cash Basis Fund Balances			
Restricted for:			
Urban renewal purposes	\$ -	\$ -	\$ -
Debt service	-	-	-
Streets	-	646,190	-
Capital projects	-	-	-
Other purposes	-	-	1,205,892
Unassigned	3,005,040	-	-
Total cash basis fund balances	\$3,005,040	\$ 646,190	\$ 1,205,892

See notes to financial statements.

Revenue					
Local Option Sales and Service Tax Revenue	Employee Benefits	Debt Service	Capital Projects	Nonmajor	Total
\$ -	\$ 985,065	\$ 671,186	\$ -	\$ 86,543	\$ 4,475,251
-	-	-	-	122,419	122,419
1,041,588	30,191	20,328	-	119,962	1,295,723
-	-	-	-	-	672,982
-	369	690	3,678	14,880	71,053
-	20,471	13,779	-	35,493	1,539,432
-	-	-	-	2,966	118,743
-	-	14,724	304	-	15,028
-	-	-	99,322	174,194	1,372,166
1,041,588	1,036,096	720,707	103,304	556,457	9,682,797
-	-	-	-	22,177	2,881,145
-	-	-	-	31,327	1,397,840
-	-	-	-	211,405	1,160,698
1,041,588	-	-	-	114,533	1,196,113
-	-	-	-	-	923,106
-	-	862,470	-	-	862,470
-	-	-	681,303	-	681,303
1,041,588	-	862,470	681,303	379,442	9,102,675
-	1,036,096	(141,763)	(577,999)	177,015	580,122
-	-	-	8,410	5,658	24,510
-	-	123,081	1,582,386	7,144	2,846,578
-	(1,041,572)	-	-	(215,477)	(3,410,579)
-	(1,041,572)	123,081	1,590,796	(202,675)	(539,491)
-	(5,476)	(18,682)	1,012,797	(25,660)	40,631
-	150,679	138,037	86,091	917,860	7,072,137
\$ -	\$ 145,203	\$ 119,355	\$ 1,098,888	\$ 892,200	\$ 7,112,768
\$ -	\$ -	\$ -	\$ -	\$ 613	\$ 613
-	-	119,355	-	-	119,355
-	-	-	-	-	646,190
-	-	-	1,098,888	-	1,098,888
-	145,203	-	-	891,587	2,242,682
-	-	-	-	-	3,005,040
\$ -	\$ 145,203	\$ 119,355	\$ 1,098,888	\$ 892,200	\$ 7,112,768

CITY OF OSKALOOSA

Reconciliation of the Statement of Cash Receipts,
Disbursements and Changes in Cash and Investment Balances
to the Cash Basis Statement of Activities and Net Position -
Governmental Funds

As of and for the year ended June 30, 2015

Total governmental funds cash and investment balances (pages 18-19) \$ 7,112,768

Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of employee health benefits, flex plan and copier usage to individual funds. A portion of the cash and investment balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position

802,954

Cash basis net position of governmental activities (pages 16-17) \$7,915,722

Change in cash and investment balances (pages 18-19) \$ 40,631

Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of employee health benefits, flex plan and copier usage to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

(138,092)

Change in cash basis net position of governmental activities (pages 16-17) \$ (97,461)

See notes to financial statements.

CITY OF OSKALOOSA

Statement of Cash Receipts, Disbursements and
Changes in Cash and Investment Balances
Proprietary Funds

As of and for the year ended June 30, 2015

	Enterprise				Internal Service
	Sewer	Storm Water	Nonmajor	Total	
Operating receipts:					
Charges for service	\$ 1,752,233	\$ 231,158	\$ 1,287	\$ 1,984,678	\$ 678,153
Use of money and property	3,369	-	214,732	218,101	1,277
Special assessments	11,417	-	-	11,417	-
Miscellaneous	-	-	-	-	225,015
Total operating receipts	1,767,019	231,158	216,019	2,214,196	904,445
Operating disbursements:					
Business type activities	1,048,214	63,060	242,452	1,353,726	-
Nonprogram	-	-	-	-	1,073,431
Total operating disbursements	1,048,214	63,060	242,452	1,353,726	1,073,431
Excess (deficiency) of operating receipts over (under) operating disbursements	718,805	168,098	(26,433)	860,470	(168,986)
Non-operating receipts (disbursements):					
Intergovernmental	-	-	18,900	18,900	-
Interest on investments	-	1,041	1,151	2,192	-
Miscellaneous	4,348	-	11,297	15,645	-
Capital projects	(75,894)	(312,988)	(7,200)	(396,082)	-
Debt service	(482,574)	-	-	(482,574)	-
Net non-operating receipts (disbursements)	(554,120)	(311,947)	24,148	(841,919)	-
Excess (deficiency) of receipts over (under) disbursements	164,685	(143,849)	(2,285)	18,551	(168,986)
Other financing sources					
Transfers in	150,500	413,500	-	564,000	-
Total other financing sources	150,500	413,500	-	564,000	-
Change in cash and investment balances	315,185	269,651	(2,285)	582,551	(168,986)
Cash and investment balances beginning of year	1,715,534	685,604	392,144	2,793,282	947,569
Cash and investment balances end of year	\$ 2,030,719	\$ 955,255	\$ 389,859	\$ 3,375,833	\$ 778,583
Cash Basis Fund Balances					
Restricted for debt service	\$ 96,815	\$ -	\$ -	\$ 96,815	\$ -
Unrestricted	1,933,904	955,255	389,859	3,279,018	778,583
Total cash basis fund balances	\$ 2,030,719	\$ 955,255	\$ 389,859	\$ 3,375,833	\$ 778,583

See notes to financial statements.

CITY OF OSKALOOSA

Reconciliation of the Statement of Cash Receipts, Disbursements and
Changes in Cash and Investment Balances to the Cash Basis Statement of Activities and Net Position
Proprietary Funds

As of and for the year ended June 30, 2015

Total enterprise funds cash and investment balances (page 21) \$ 3,375,833

Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of employee health benefits, flex plan and copier usage to individual funds. A portion of the cash and investment balance of the Internal Service Fund is included in the business type activities in the Cash Basis Statement of Activities and Net Position.

(24,368)

Cash basis net position of business type activities (page 16-17) \$ 3,351,465

Change in cash and investment balances (page 21) \$ 582,551

Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of employee health benefits, flex plan and copier usage to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

(30,893)

Change in cash basis net position of business type activities (page 16-17) \$ 551,658

See notes to financial statements.

CITY OF OSKALOOSA

Notes to Financial Statements

June 30, 2015

(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of operations:

The City of Oskaloosa, Iowa (City), is a political subdivision of the State of Iowa located in Mahaska County. It was first incorporated in 1853 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to residents including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides an airport, golf course, sewer and storm water services.

B. Reporting entity:

Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City of Oskaloosa, Iowa is a municipal corporation and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the City is considered a primary government.

The financial statements present only the City of Oskaloosa, Iowa (the primary government). The financial statements do not include the component unit of the City. The entity discussed below is a component unit of the City because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component unit, which issues separate audited financial statements, can be obtained from their respective administrative office.

The Municipal Waterworks Utility is a separate legal entity. However, it is financially accountable to the City. The Utility is governed by a three-member board appointed by the Mayor and subject to approval by the City Council and its operating budget is subject to the approval of the City Council. The Municipal Waterworks issues separate audited cash basis financial statements with a fiscal year-end of June 30, which are available at their administrative office.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the residents of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Emergency 911 Board, Oskaloosa Area Chamber & Development Group, Mahaska Community Recreation Foundation, Joint County - Mahaska Disaster Services & Emergency Planning Administration, Joint Law Enforcement Center Board and Mahaska County Agency on Aging.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of presentation:

The government-wide financial statement reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Expendable restricted net position results when constraints placed on the use of cash and investment balances and the use of cash and investment balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of cash and investment balances not meeting the definition of the preceding category. Unrestricted net position often has constraints on cash and investment balances imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor government funds.

The City reports the following major governmental funds:

The General Fund is the government's general operating fund. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds. The Council has adopted a policy to maintain a minimum of three months of General Fund budgeted expenditures and transfers for the Fund.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of presentation - continued:

Special Revenue:

The Road Use Tax Fund is utilized to account for the road use tax allocation from the state of Iowa, to be used for road construction and maintenance.

The Library Maintenance Fund was established with Local Option Sales and Service Tax. The fund is used to preserve and maintain the library facility and its functions and equipment as renovated, expanded, established and reopened to the public in 1997.

The Local Option Sales and Service Tax Revenue Fund is utilized to account for the revenues from the State and Local Option Sales and Service Tax and the expenditure of those funds for the specific purpose as set forth in the referendum.

The Employee Benefits Fund is utilized to account for tax receipts expended for employee benefits.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest, principal and fees on the City's general long-term debt.

The Capital Projects Fund, is used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The City reports the following major proprietary funds:

The Enterprise, Sanitary Sewer Fund is used to account for operations of providing sanitary sewer services.

The Enterprise, Storm Water Fund is used to account for operations of providing storm water sewer services.

The City also reports the following additional proprietary funds:

The Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies of the City on a cost-reimbursement basis.

D. Significant accounting policies:

The City of Oskaloosa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Significant accounting policies - continued:

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Property Taxes: All City property taxes must be certified to the Mahaska County Auditor on or before the fifteenth day of March of each year for the upcoming fiscal year which runs from July 1 to June 30. Property taxes are levied in June and attached as an enforceable lien on the property on July 1.

Property taxes levied for the year ending June 30, 2015, attached as an enforceable lien on July 1, 2014, with the first half installment being delinquent after September 30, 2014 and the second half installment being delinquent after March 31, 2015.

Investments: Investments are stated at cost. The City invests in the Iowa Public Agency Investment Trust which is a 2a-7 like pool established under the Investment Company Act of 1940 and other debt securities. The Iowa Public Agency Investment Trust is a common law trust established under Iowa Code law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Significant accounting policies - continued:

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the City's enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative expenses. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

(2) BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds combined except for internal service funds. The annual budget may be amended during the year utilizing similar statutory prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements, known as functions, not by fund or fund type. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities.

Appropriations as adopted or amended lapse at the end of the fiscal year.

(3) DEPOSITS AND INVESTMENTS

The City's deposit and investment accounts as of June 30, 2015 consist of the following:

Deposit and Investment Type	Investment Maturities (in years)				
	Cost	Less than 1	1 to 5	6 to 10	More than 10
Petty cash	\$ 530	\$ -	\$ -	\$ -	\$ -
Checking, savings and money market	7,848,863	-	-	-	-
Debt securities	1,435,522	-	52,100	266,535	1,116,887
Iowa Public Agency Investment Trust	1,982,272	-	-	-	-
Total	<u>\$11,267,187</u>	<u>\$ -</u>	<u>\$ 52,100</u>	<u>\$ 266,535</u>	<u>\$1,116,887</u>

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(3) DEPOSITS AND INVESTMENTS - CONTINUED

Interest rate risk: As a means of limiting its exposure to fair value losses arising from changing interest rates, the City's investment policy requires operating funds to be invested in instruments that mature within three hundred ninety-seven days. Operating funds are defined as funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt. All nonoperating funds may be invested in investments with maturities longer than three hundred ninety-seven days.

Authorized investments and credit risk: The City is authorized by statute to invest public funds not currently needed for operating expenses in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; commercial paper or other short-term commercial debt that mature within two hundred and seventy days and meet certain classification ratings; repurchase agreements with collateral consisting of investment obligations of the United States government; open-end management investment companies registered with the federal securities and exchange commission; and certain joint investments trusts. The City has no policy that would further limit its investment choices. The City's investment in the Iowa Public Agency Investment Trust is unrated.

As of June 30, 2015, the City's debt securities were rated as follows:

Investment type	Moody's Investor's Service	Standard & Poor's	Cost	Fair Value
FHLB	Aaa	AA+	\$ 284,654	\$ 320,991
FNMA	Aaa	AA+	109,550	104,564
FHLMC	Aaa	AA+	311,318	300,308
FFCB	Aaa	AA+	368,978	384,243
TVA	Aaa	AA+	361,022	384,363
			<u>\$ 1,435,522</u>	<u>\$ 1,494,469</u>

Concentration of credit risk: The City's general investment policy requires the Treasurer of the City of Oskaloosa to exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives and to consider the role that each investment or deposit plays within the portfolio of assets of the City. More than 5 percent of the City's investments are in the Iowa Public Agency Investment Trust, FNMA, FHLB, FHLMC, FFCB and TVA. These investments are 58 percent, 3 percent, 8 percent, 9 percent, 11 percent and 11 percent, respectively, of the City's \$3,417,794 total investments. All of the debt securities investments are reported in the Library Maintenance Fund and the Library Memorial Fund, both special revenue funds.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2015, the City's investments are held in the City's name. It is the City's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(3) DEPOSITS AND INVESTMENTS - CONTINUED

private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2015, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

(4) LONG-TERM DEBT

The following is a summary of the changes in the outstanding long-term debt of the City for the year ended June 30, 2015:

	Balance June 30, 2014	Issued	Redeemed	Balance June 30, 2015
Governmental Activities				
General obligation bonds	\$ 865,000	\$ -	\$ 205,000	\$ 660,000
General obligation notes	2,420,000	-	535,000	1,885,000
	<u>\$ 3,285,000</u>	<u>\$ -</u>	<u>\$ 740,000</u>	<u>\$ 2,545,000</u>
Business Type Activities				
Revenue bonds and other notes	<u>\$ 2,887,000</u>	<u>\$ -</u>	<u>\$ 426,000</u>	<u>\$ 2,461,000</u>

Interest rates range from 1.75% to 4.0% on bonds and notes. The City paid \$170,993 in interest on debt obligations for the year ended June 30, 2015.

On June 30, 2015, the general obligation debt issued by the City did not exceed its legal debt margin compiled as follows:

Assessed valuation		<u>\$ 508,916,830</u>
Debt limit - 5% of total valuation		\$ 25,445,842
Debt applicable to debt limit:		
General obligation bonds	\$ 660,000	
General obligation notes	<u>1,885,000</u>	<u>2,545,000</u>
Legal debt margin		<u>\$ 22,900,842</u>

A summary of the City's June 30, 2015 general obligation bonds, general obligation notes, revenue bonds and revenue capital loan notes principal and interest maturities is as follows:

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(4) LONG-TERM DEBT - CONTINUED

Year Ending June 30,	Total General Obligation Bonds		Total General Obligation Notes	
	Principal	Interest	Principal	Interest
2016	\$ 210,000	\$ 25,420	\$ 220,000	\$ 72,253
2017	220,000	17,440	210,000	64,552
2018	230,000	8,970	215,000	56,993
2019	-	-	225,000	49,037
2020	-	-	235,000	40,600
2021-2025	-	-	780,000	63,200
Total	<u>\$ 660,000</u>	<u>\$ 51,830</u>	<u>\$1,885,000</u>	<u>\$ 346,635</u>

Year Ending June 30,	Total General Revenue Bonds		Total Revenue Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 207,000	\$ 36,803	\$177,000	\$ 6,265	\$ 814,000	\$140,741
2017	213,000	33,180	181,000	3,168	824,000	118,340
2018	220,000	29,453	-	-	665,000	95,415
2019	226,000	25,602	-	-	451,000	74,640
2020	233,000	21,647	-	-	468,000	62,247
2021-2025	1,004,000	44,573	-	-	1,784,000	107,773
Total	<u>\$2,103,000</u>	<u>\$191,258</u>	<u>\$358,000</u>	<u>\$ 9,433</u>	<u>\$5,006,000</u>	<u>\$599,156</u>

The resolutions provided for the issuance of the sewer revenue bonds and revenue capital loan notes include the following provisions:

- A. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the fund.
- B. Sufficient monthly transfers shall be made to a sanitary sewer sinking account for the purpose of making the bond principal and interest payments when due.
- C. The City must establish and maintain a sewer improvements account. Money in the improvement account, not otherwise specifically limited by other provisions, shall be used solely for the purpose of paying principal of or interest on the bonds when there is insufficient money in the sinking account and the reserve account; and to the extent not required for the foregoing, to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget; payments of rentals on any part of the system or payments due for any property purchased as part of the system and for capital improvements to the system. As of June 30, 2015, \$96,815 of cash and investments is in the improvement account.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(4) LONG-TERM DEBT - CONTINUED

D. All amounts remaining in the sanitary sewer revenue account after the payment of all maintenance and operating expenses and required transfers shall be placed in the sanitary sewer surplus revenue fund. This account is restricted for the purpose of paying for any improvement, extension or repair to the system or for bond and interest payments which the other accounts might be unable to make.

E. The City must maintain net sewer revenues of at least 110 percent of the next fiscal year's debt service payment.

The Iowa Finance Authority loaned the City \$1,515,000 on March 31, 1994; \$2,671,000 on February 16, 1996; and \$4,017,000 on December 6, 2002, which are evidenced by the issue of Sewer Revenue Bonds and Sewer Revenue Capital Loan Notes for the other issues. Principal and interest payments on the Iowa Department of Natural Resources loans are treated as payments on the Revenue Bonds and Notes.

Compensated Absences:

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate maximum liability for earned compensated absences payable to employees and the benefits that would be payable on this liability as of June 30, 2015 primarily relating to the General, Road Use Tax and Sanitary Sewer Funds, is as follows:

Type of Benefit:	
Vacation	\$ 129,000
Sick leave	641,000
Comp time	<u>28,000</u>
Total	<u>\$ 798,000</u>

The liability has been computed based on rates of pay in effect at June 30, 2015.

Sick leave is payable for fire and police union employees when used or upon full service retirement or death. Other union employees are payable upon retirement, 20 years of full time employment or death. Nonunion employees are payable upon twenty years of service or death. If paid upon retirement or death, half or one-quarter of the total accumulated hours are paid at the then effective hourly rate for that employee. Based on this computation, the maximum accumulated sick leave payable would be approximately \$279,000 as of June 30, 2015.

(5) PENSION PLANS

Iowa Public Employees' Retirement System (IPERS)

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(5) PENSION PLANS - CONTINUED

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(5) PENSION PLANS - CONTINUED

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent.

The City's contributions to IPERS for the year ended June 30, 2015 were \$123,918.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$713,947. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's proportion was .0180021 percent, which was an increase of 0.000021 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the City collective pension expense, collective deferred outflows and collective deferred inflows totaled \$62,035, \$45,506 and \$361,550 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary increases (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group
Investment rate of return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(5) PENSION PLANS - CONTINUED

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
City's proportionate share of the net pension liability	\$1,564,554	\$713,947	\$89,298

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description - MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Oskaloosa are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issued a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(5) PENSION PLANS - CONTINUED

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation for the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(5) PENSION PLANS - CONTINUED

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

The City's contributions to MFPRSI for the year ended June 30, 2015 were \$391,390.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 - Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2014.

Collective Net Pension Liabilities, Collective Pension Expense and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City's liability for its proportionate share of the collective net pension liability totaled \$1,768,854. The net collective pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the collective net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFRPSI participating employers. At June 30, 2014, the City's proportion was .487962% which did not change from its proportions measured as of June 30, 2013.

For the year ended June 30, 2015, the City collective pension expense, collective deferred outflows of resources and collective deferred inflows totaled \$146,817, \$130,736 and \$836,495 respectively.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(5) PENSION PLANS - CONTINUED

Actuarial Assumptions - The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00 percent per annum
Salary increase	4.50 to 15.11 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	7.0%	3.8%
Emerging Markets Debt	3.0	6.5
Domestic Equities	12.5	6.0
Master Limited Partnerships (MLP)	5.0	8.5
International Equities	<u>12.5</u>	7.0
Core Investments	40.0%	
Tactical Asset Allocation	35.0	6.0
Private Equity	15.0	9.8
Private Non-Core Real Estate	5.0	9.3
Private Core Real Estate	<u>5.0</u>	6.8
Real Estate	10.0	
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flow used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(5) PENSION PLANS - CONTINUED

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent Higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$3,391,635	\$1,768,854	\$420,468

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

(6) RISK MANAGEMENT AND SELF-INSURED MEDICAL PLAN

The City of Oskaloosa, Iowa has a self-insured Health Care Plan for City employees accounted for in the internal service fund. A fixed monthly fee per participating employee is paid to an insurance administrative company to administer the Plan and evaluate claims. The funds of the City are charged a premium based on a range of rates recommended by the third party administrator.

The City escrows funds each month to be used to pay medical claims incurred. The maximum exposure to the City for claims incurred is limited by the "Stop-loss" feature of the Plan. The maximum exposure for one individual, excluding listed exceptions, in a twelve-month period is \$40,000. The maximum aggregate excess risk insurance is \$1,000,000 per policy period and the maximum specific excess risk insurance per covered person is \$2,000,000 per lifetime.

As of June 30, 2015, the Plan held \$765,671 in cash and investments. The estimate of the claims liability was \$169,000 for June 30, 2015 and \$109,000 for June 30, 2014, and includes claims reported but not settled and those incurred but not reported. Claim payments, net of Stop-loss reimbursements as of June 30, 2015 and 2014 were \$602,000 and \$416,000, respectively.

The City of Oskaloosa is also exposed to various risks related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(7) INTERFUND TRANSFERS AND BALANCES

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue	
	Employee Benefits	\$ 1,041,572
	Emergency	91,015
	Housing	<u>1,380</u>
		<u>1,133,967</u>
Special Revenue	General Fund	
Miscellaneous Grant Funds		<u>7,144</u>
Debt Service	Special Revenue	
	Tax Increment Financing	<u>123,081</u>
Capital Projects	General Fund	<u>1,582,386</u>
Enterprise		
Sanitary Sewer	General Fund	150,500
Storm Water	General Fund	<u>413,500</u>
Total		<u>\$ 3,410,578</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(8) POST-EMPLOYMENT BENEFITS

Employees who resign or their employment is terminated (for reasons other than gross misconduct on their part), or if work hours are reduced, and consequently the employee's dependents are no longer eligible to participate in the group health insurance are offered the following post-employment benefit option:

Health insurance - The option of continuing with the City's health insurance plan at the employee's own cost for up to eighteen months. If the employee is determined to be disabled under the Social Security Act at the time of their termination or reduction in hours, they may be entitled to continuation coverage for up to twenty-nine months.

There are 56 active, 0 COBRA and 4 retired members in the plan. Participants must be age 55 or older at retirement.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2015

(8) POST-EMPLOYMENT BENEFITS - CONTINUED

The medical/prescription drug coverage is provided through a self funded plan with stop loss coverage through HCC Life Insurance Company. Retirees under age 65 pay the similar premiums for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go-basis. The most recent active member monthly premiums for the City and plan members are \$483 for single coverage and \$1,162 for family coverage per month. The same monthly premiums apply to retirees. For the year ended June 30, 2015, the City contributed \$640,325 to the plan.

The City has entered into an agreement with the City Manager which formally identifies the financial obligation of the City to them in the event of an involuntary employment termination. The severance agreement provides for a termination payment equal to nine months of wages plus nine months of medical insurance benefits. The compensation rate is based upon the compensation paid to the applicable employee at the time of termination.

(9) COMMITMENTS

A. The City has several construction commitments to be financed from capital projects funds. The total outstanding construction commitments of the City as of June 30, 2015 is approximately \$3,113,600, which will be paid as work on the projects progress.

B. An agreement was entered into by the City and Forest Cemetery Association to commit City funding for the upkeep and maintenance of Forest Cemetery. The City provided a contribution of \$50,000 to be used by the cemetery for the project during the year ended June 30, 2015. The City has agreed to make another \$50,000 contribution during the year ending June 30, 2016. In addition the City has agreed to provide snow removal services from September 1, 2015 to May 31, 2016.

(10) RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$3,307 during the year ended June 30, 2015.

(11) SUBSEQUENT EVENTS

The City has evaluated all subsequent events through October 1, 2015, the date the financial statements were available to be issued.

The City has entered into construction contracts of approximately \$185,000 for various capital projects.

In August, 2015 the City issued \$4,125,000 of general obligation capital loan notes for constructing a new fire station.

Other Information

CITY OF OSKALOOSA

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Enterprise Funds Other Information Year ended June 30, 2015

	Governmental Funds Actual	Enterprise Funds Actual	Total	Original
Receipts:				
Property tax	\$ 4,475,251	\$ -	\$ 4,475,251	\$ 4,478,051
Tax increment financing	122,419	-	122,419	122,324
Other city tax	1,295,723	-	1,295,723	1,247,179
Licenses and permits	672,982	-	672,982	618,674
Use of money and property	71,053	220,293	291,346	303,737
Intergovernmental	1,539,432	18,900	1,558,332	2,162,263
Charges for service	118,743	1,984,678	2,103,421	4,363,992
Special assessments	15,028	11,417	26,445	-
Miscellaneous	1,372,166	15,645	1,387,811	994,962
Total receipts	9,682,797	2,250,933	11,933,730	14,291,182
Disbursements:				
Public safety	2,881,145	-	2,881,145	2,958,212
Public works	1,397,840	-	1,397,840	1,954,968
Culture and recreation	1,160,698	-	1,160,698	1,234,238
Community and economic development	1,196,113	-	1,196,113	1,219,009
General government	923,106	-	923,106	1,107,651
Debt service	862,470	-	862,470	862,471
Capital projects	681,303	-	681,303	5,265,371
Business type activities	-	2,232,382	2,232,382	4,763,123
Total disbursements	9,102,675	2,232,382	11,335,057	19,365,043
Excess (deficiency) of receipts over (under) disbursements	580,122	18,551	598,673	(5,073,861)
Other financing sources (uses), net	(539,491)	564,000	24,509	3,022,000
Excess (deficiency) of receipts over (under) disbursements and other financing uses	40,631	582,551	623,182	(2,051,861)
Balances beginning of year	7,072,137	2,793,282	9,865,419	9,505,721
Balances end of year	\$ 7,112,768	\$ 3,375,833	\$10,488,601	\$ 7,453,860

(1) Budgeted items for the component unit of the Waterworks utility are removed because related actual receipts and disbursements are not included.

See accompanying independent auditor's report.

Budgeted Amounts			Final to Actual Variance- Positive (Negative)
Final	Adjustment (1) See Page 44	Adjusted Final	
\$ 4,478,678	\$ -	\$ 4,478,678	\$ (3,427)
122,324	-	122,324	95
1,284,518	-	1,284,518	11,205
697,200	-	697,200	(24,218)
313,058	(26,060)	286,998	4,348
1,957,197	-	1,957,197	(398,865)
4,291,943	(2,150,944)	2,140,999	(37,578)
16,630	-	16,630	9,815
1,169,913	(23,800)	1,146,113	241,698
14,331,461	(2,200,804)	12,130,657	(196,927)
3,102,821	-	3,102,821	221,676
1,701,558	-	1,701,558	303,718
1,318,958	-	1,318,958	158,260
1,298,796	-	1,298,796	102,683
1,012,440	-	1,012,440	89,334
862,471	-	862,471	1
1,870,230	-	1,870,230	1,188,927
5,536,597	(2,413,400)	3,123,197	890,815
16,703,871	(2,413,400)	14,290,471	2,955,414
(2,372,410)	212,596	(2,159,814)	2,758,487
106,659	-	106,659	(82,150)
(2,265,751)	212,596	(2,053,155)	2,676,337
11,177,754	-	11,177,754	(1,312,335)
\$ 8,912,003	\$ 212,596	\$ 9,124,599	\$ 1,364,002

CITY OF OSKALOOSA

Other Information

Notes To Other Information - Budgetary Reporting

June 30, 2015

The budgetary comparison schedule is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project funds and enterprise funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment decreased budgeted disbursements by \$2,661,172. The budget amendment is reflected in the final budget amount.

- (1) Budgeted items for the component unit of the Waterworks utility are removed because related actual receipts and disbursements are not included, see Note 1.

CITY OF OSKALOOSA

Schedules of the City's Proportionate Share of the Net Pension Liability Last Fiscal Year (In Thousands)

Other Information

Iowa Public Employees' Retirement System

	<u>2015</u>
City of Oskaloosa's proportion of the net pension liability	.0180021%
City of Oskaloosa's proportionate share of the net pension liability	\$ 714
City of Oskaloosa's covered-employee payroll	\$ 1,372
City of Oskaloosa's proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.04%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

Municipal Fire and Police Retirement System of Iowa

	<u>2015</u>
City of Oskaloosa's proportion of the net pension liability	.487962%
City of Oskaloosa's proportionate share of the net pension liability	\$ 1,769
City of Oskaloosa's covered-employee payroll	\$ 736
City of Oskaloosa's proportionate share of the net pension liability as a percentage of its covered-employee payroll	141.95%
Plan fiduciary net position as a percentage of the total pension liability	86.27%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Oskaloosa will present information for those years for which information is available.

The 2015 liability is based on 2014 IPERS and MFPRS information.

CITY OF OSKALOOSA

Schedules of City Contributions

Last 10 Fiscal Years
(In Thousands)

Other Information

Iowa Public Employees' Retirement System

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 124	\$ 123	\$ 115	\$ 115
Contributions in relation to the statutorily required contribution	<u>(124)</u>	<u>(123)</u>	<u>(115)</u>	<u>(115)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City of Oskaloosa's covered-employee payroll	\$ 1,388	1,372	1,327	1,429
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

Municipal Fire and Police Retirement System of Iowa

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 391	\$ 375	\$ 325	\$ 291
Contributions in relation to the statutorily required contribution	<u>(391)</u>	<u>(375)</u>	<u>(325)</u>	<u>(291)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City of Oskaloosa's covered-employee payroll	\$ 1,287	1,246	1,246	1,174
Contributions as a percentage of covered-employee payroll	30.41%	30.12%	26.12%	24.76%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
104	108	105	102	94	93
<u>(104)</u>	<u>(108)</u>	<u>(105)</u>	<u>(102)</u>	<u>(94)</u>	<u>(93)</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
1,503	1,618	1,657	1,691	1,633	1,615
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
234	189	203	258	290	292
<u>(234)</u>	<u>(189)</u>	<u>(203)</u>	<u>(258)</u>	<u>(290)</u>	<u>(292)</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
1,176	1,113	1,085	1,012	1,047	1,035
19.90%	17.00%	18.75%	25.48%	27.75%	28.21%

CITY OF OSKALOOSA

Notes to Other Information - Pension Liability

Year ended June 30, 2015

Iowa Public Employee's Retirement System

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual contribution rate.

CITY OF OSKALOOSA

Notes to Other Information - Pension Liability - Continued

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

Municipal Fire and Police Retirement System of Iowa

Changes of benefit terms:

There are no significant changes of benefit terms.

Changes of assumptions:

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

City of Oskaloosa

Supplementary Information

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements
and Changes in Cash and Investment Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2015

	Hotel Motel Tax	Emergency	Urban Renewal Tax Increment	Special Housing Donated Funds
Receipts:				
Property tax	\$ -	\$ 86,543	\$ -	\$ -
Tax increment financing	-	-	122,419	-
Other city tax	117,297	2,665	-	-
Use of money and property	-	-	99	-
Intergovernmental	-	1,808	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total receipts	117,297	91,016	122,518	-
Disbursements:				
Operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	117,297	-	-	-
Community and economic development	-	-	-	-
Total disbursements	117,297	-	-	-
Excess (deficiency) of receipts over (under) disbursements	-	91,106	122,518	-
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(91,016)	(123,081)	-
Total other financing sources (uses)	-	(91,016)	(123,081)	-
Change in cash and investment balances	-	-	(563)	-
Cash and investment balances beginning of year	-	-	1,176	34,741
Cash and investment balances end of year	\$ -	\$ -	\$ 613	\$ 34,741
Cash Basis Fund Balances				
Restricted for:				
Urban renewal purposes	\$ -	\$ -	\$ 613	\$ -
Restricted for other purposes	-	-	-	34,741
Unassigned	-	-	-	-
Total cash basis fund balances	\$ -	\$ -	\$ 613	\$ 34,741

See accompanying independent auditor's report.

Revenue						
Housing Fund	Grant & Lincoln School Dev	Riefe Memorial Fund	Public Library Memorial	Miscellaneous Gifts	Wooden Playground Maintenance	Police Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
506	-	35	14,137	27	6	3
-	-	-	-	-	-	-
1,638	-	-	150	-	-	1,178
72,557	-	-	45,813	2,452	-	-
74,701	-	35	60,100	2,479	6	1,181
-	-	-	-	4,558	-	5,447
-	-	-	-	-	-	-
-	-	11,620	37,796	4,388	-	-
76,989	21,328	-	-	-	-	-
76,989	21,328	11,620	37,796	8,946	-	5,447
(2,288)	(21,328)	(11,585)	22,304	(6,467)	6	(4,266)
-	-	-	3,458	-	-	2,200
-	-	-	-	-	-	-
(1,380)	-	-	-	-	-	-
(1,380)	-	-	3,458	-	-	2,200
(3,668)	(21,328)	(11,585)	25,762	(6,467)	6	(2,066)
218,575	21,328	27,906	534,774	32,962	3,276	4,475
\$ 214,907	\$ -	\$ 16,321	\$ 560,536	\$ 26,495	\$ 3,282	\$ 2,409
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
214,907	-	16,321	560,536	26,495	3,282	2,409
-	-	-	-	-	-	-
\$ 214,907	\$ -	\$ 16,321	\$ 560,536	\$ 26,495	\$ 3,282	\$ 2,409

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements
and Changes in Cash and Investment Balances
Nonmajor Governmental Funds - Continued

As of and for the year ended June 30, 2015

	Special Revenue			Total
	Miscellaneous Grants	Brownfield Sites Grant Fund	WFP Rise Payment	
Receipts:				
Property tax	\$ -	\$ -	\$ -	\$ 86,543
Tax increment financing	-	-	-	122,419
Other city tax	-	-	-	119,962
Use of money and property	67	-	-	14,880
Intergovernmental	7,358	26,327	-	35,493
Charges for services	-	-	-	2,966
Miscellaneous	53,372	-	-	174,194
Total receipts	60,797	26,327	-	556,457
Disbursements:				
Operating:				
Public safety	12,172	-	-	22,177
Public works	5,000	26,327	-	31,327
Culture and recreation	40,304	-	-	211,405
Community and economic development	-	-	16,216	114,533
Total disbursements	57,476	26,327	16,216	379,442
Excess (deficiency) of receipts over (under) disbursements	3,321	-	(16,216)	177,015
Other financing sources (uses):				
Sale of capital assets	-	-	-	5,658
Transfers in	7,144	-	-	7,144
Transfers out	-	-	-	(215,477)
Total other financing sources (uses)	7,144	-	-	(202,675)
Change in cash and investment balances	10,465	-	(16,216)	(25,660)
Cash and investment balances beginning of year	22,431	-	16,216	917,860
Cash and investment balances end of year	\$ 32,896	\$ -	\$ -	\$ 892,200
Cash Basis Fund Balances				
Restricted for:				
Urban renewal	\$ -	\$ -	\$ -	\$ 613
Other purposes	32,896	-	-	891,587
Total cash basis fund balances	\$ 32,896	\$ -	\$ -	\$ 892,200

See accompanying independent auditor's report.

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements and Changes
in Cash and Investment Balances
Nonmajor Enterprise Funds

As of and for the year ended June 30, 2015

	Airport	Edmundson Golf Course	RACI Main Street Loans	Total
Operating receipts:				
Charges for service	\$ 1,287	\$ -	\$ -	\$ 1,287
Use of money and property	205,932	8,800	-	214,732
Total operating receipts	207,219	8,800	-	216,019
Operating disbursements:				
Business type activities	229,942	12,510	-	242,452
Total operating disbursements	229,942	12,510	-	242,452
Excess (deficiency) of operating receipts over (under) operating disbursements	(22,723)	(3,710)	-	(26,433)
Non-operating receipts (disbursements):				
Intergovernmental	18,900	-	-	18,900
Interest on investments	530	111	510	1,151
Miscellaneous	9,972	-	1,325	11,297
Capital projects	-	(7,200)	-	(7,200)
Net non-operating receipts (disbursements)	29,402	(7,089)	1,835	24,148
Excess (deficiency) of receipts over (under) disbursements	6,679	(10,799)	1,835	(2,285)
Other financing sources (uses):				
Transfers	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Change in cash and investment balances	6,679	(10,799)	1,835	(2,285)
Cash and investment balances beginning of year	311,598	63,131	17,415	392,144
Cash and investment balances end of year	\$ 318,277	\$ 52,332	\$ 19,250	\$ 389,859
Cash Basis Fund Balances				
Unrestricted	\$ 318,277	\$ 52,332	\$ 19,250	\$ 389,859
Total cash basis fund balances	\$ 318,277	\$ 52,332	\$ 19,250	\$ 389,859

See accompanying independent auditor's report.

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements and
Changes in Cash and Investment Balances
Internal Service Funds

As of and for the year ended June 30, 2015

	Copier/Fax Revolving	Health Insurance	Flex Benefit Plan	Total
Receipts:				
Use of money and property	\$ 13	\$ 1,259	\$ 5	\$ 1,277
Charges for services:				
Premiums	-	669,396	-	669,396
Copier and fax services	8,199	-	-	8,199
Miscellaneous	-	-	558	558
Miscellaneous:				
Sale of supplies	165	-	-	165
Flex elections	-	-	39,617	39,617
Refunds/reimbursements	-	185,233	-	185,233
Total receipts	8,377	855,888	40,180	904,445
Disbursements:				
Nonprogram:				
Contractual and contractual services	-	1,027,867	41,143	1,069,010
Commodities	4,421	-	-	4,421
Total disbursements	4,421	1,027,867	41,143	1,073,431
Excess (deficit) of operating receipts over (under) operating disbursements	3,956	(171,979)	(963)	(168,986)
Other financing sources (uses)				
Transfers	-	-	-	-
Change in cash and investment balances	3,956	(171,979)	(963)	(168,986)
Cash and investment balances beginning of year	5,686	937,651	4,232	947,569
Cash and investment balances end of year: unrestricted	\$ 9,642	\$ 765,672	\$ 3,269	\$ 778,583

See accompanying independent auditor's report.

CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements
and Changes in Cash and Investment Balances
Capital Projects Fund

As of and for the year ended June 30, 2015

	Park Shelter Cap Improvement	City Hall Window Project	Pavement Management	Sidewalk Improvement Project	Parking Lot Improvements Phase II	Total
Receipts:						
Use of money and property	\$ 3,479	\$ 30	\$ 73	\$ 14	\$ 82	\$ 3,678
Special assessments	-	-	-	304	-	304
Miscellaneous	-	-	93,736	5,586	-	99,322
Total receipts	3,479	30	93,809	5,904	82	103,304
Disbursements	668	134	662,667	13,770	4,064	681,303
Excess (deficiency) of receipts over (under) disbursements	2,811	(104)	(568,858)	(7,866)	(3,982)	(577,999)
Other financing sources:						
Sale of capital assets	-	8,410	-	-	-	8,410
Transfers in	-	-	1,582,386	-	-	1,582,386
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	8,410	1,582,386	-	-	1,590,796
Change in cash and investment balances	2,811	8,306	1,013,528	(7,866)	(3,982)	1,012,797
Cash and investment balances beginning of year	16,543	13,339	-	13,534	42,675	86,091
Cash and investment balances end of year: restricted	\$ 19,354	\$ 21,645	\$ 1,013,528	\$ 5,668	\$ 38,693	\$ 1,098,888

See accompanying independent auditor's report.

CITY OF OSKALOOSA

Schedule of Indebtedness

Year ended June 30, 2015

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds:			
Ind. Park Street, RR crossings, Downtown Streetscaping	Dec 6, 2006	3.80 - 3.90%	\$ 1,955,000
General Obligation Notes:			
Refunding	Apr 23, 2008	3.30%	\$ 1,065,000
Refunding	Apr 29, 2010	2.00	1,405,000
Equipment and street construction	May 1, 2008	3.50 - 4.00	3,000,000
Revenue Bonds and Capital Loan Notes:			
Sewer capital loan notes	Mar 31, 1994	1.75%	\$ 1,515,000
Sewer capital loan notes	Feb 16, 1996	1.75	2,671,000
Sewer revenue bonds	Dec 6, 2002	1.75	4,017,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 865,000	\$ -	\$ 205,000	\$ 660,000	\$ 33,108	\$ -
\$ 865,000	\$ -	\$ 205,000	\$ 660,000	\$ 33,108	\$ -
\$ 120,000	\$ -	\$ 120,000	\$ -	\$ 3,960	\$ -
225,000	-	225,000	-	4,500	-
2,075,000	-	190,000	1,885,000	78,902	-
\$ 2,420,000	\$ -	\$ 535,000	\$ 1,885,000	\$ 87,362	\$ -
\$ 53,000	\$ -	\$ 53,000	\$ -	\$ 928	\$ -
530,000	-	172,000	358,000	9,275	-
2,304,000	-	201,000	2,103,000	40,320	-
\$ 2,887,000	\$ -	\$ 426,000	\$ 2,461,000	\$ 50,523	\$ -

CITY OF OSKALOOSA

Schedule of Bond and Note Maturities

June 30, 2015

	General Obligation Bonds and Notes				
	Industrial Park Street Railroad Crossings Downtown Streetscaping Issued December 6, 2006		Street, Sewer Improvements and Equipment (Notes) Issued May 1, 2008		
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Total
2016	3.80%	\$ 210,000	3.50%	\$ 220,000	\$ 430,000
2017	3.85	220,000	3.60	210,000	430,000
2018	3.90	230,000	3.70	215,000	445,000
2019	-	-	3.75	225,000	225,000
2020	-	-	4.00	235,000	235,000
2021	-	-	4.00	250,000	250,000
2022	-	-	4.00	260,000	260,000
2023	-	-	4.00	270,000	270,000
Total		<u>\$ 660,000</u>		<u>\$ 1,885,000</u>	<u>\$ 2,545,000</u>

	Revenue Bonds and Notes				
	Sewer Revenue Capital Loan Notes Issued February 16, 1996		Sewer Revenue Bonds Issued December 6, 2002		
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Total
2016	1.75%	\$ 177,000	1.75%	\$ 207,000	\$ 384,000
2017	1.75	181,000	1.75	213,000	394,000
2018	-	-	1.75	220,000	220,000
2019	-	-	1.75	226,000	226,000
2020	-	-	1.75	233,000	233,000
2021	-	-	1.75	240,000	240,000
2022	-	-	1.75	247,000	247,000
2023	-	-	1.75	255,000	255,000
2024	-	-	1.75	262,000	262,000
Total		<u>\$ 358,000</u>		<u>\$ 2,103,000</u>	<u>\$ 2,461,000</u>

See accompanying independent auditor's report.

City of Oskaloosa

CITY OF OSKALOOSA

Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds

For the last ten years

	Years ended June 30,			
	2015	2014	2013	2012
Receipts:				
Property tax	\$ 4,597,670	\$ 4,508,077	\$ 4,359,994	\$ 4,514,541
Other city tax	1,295,723	1,370,757	1,386,348	1,494,539
Licenses and permits	672,982	660,195	622,194	454,865
Use of money and property	71,053	74,836	75,718	97,104
Intergovernmental	1,539,432	1,377,449	1,457,354	2,209,250
Charges for service	118,743	132,565	125,891	139,966
Special assessments	15,028	21,959	22,851	15,310
Miscellaneous	1,372,166	1,302,513	1,092,749	950,376
Total	<u>\$ 9,682,797</u>	<u>\$ 9,448,351</u>	<u>\$ 9,143,099</u>	<u>\$ 9,875,951</u>
Disbursements:				
Operating:				
Public safety	\$ 2,881,145	\$ 2,802,950	\$ 2,658,729	\$ 2,580,508
Public works	1,397,840	1,280,219	1,318,293	1,176,248
Culture and recreation	1,160,698	1,033,721	948,790	980,969
Community and economic development	1,196,113	1,162,314	1,134,671	1,275,056
General government	923,106	848,320	847,130	700,560
Debt service	862,470	935,563	931,393	1,024,485
Capital projects	681,303	1,250,104	1,856,415	1,045,957
Total	<u>\$ 9,102,675</u>	<u>\$ 9,313,191</u>	<u>\$ 9,695,421</u>	<u>\$ 8,783,783</u>

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
\$ 4,204,759	\$ 4,014,236	\$ 4,093,455	\$ 3,966,087	\$ 3,880,396	\$ 3,953,084
1,411,707	1,478,999	1,743,709	1,745,001	1,643,292	1,631,480
258,480	238,698	258,457	232,545	229,410	226,789
92,202	105,113	223,895	307,762	262,233	201,733
1,521,335	2,885,296	1,607,090	1,508,153	1,411,324	1,318,346
135,086	134,342	142,558	153,814	141,263	99,772
239,502	3,781	7,095	5,285	6,880	4,547
641,278	667,169	581,313	381,549	537,372	550,252
<u>\$ 8,504,349</u>	<u>\$ 9,527,634</u>	<u>\$ 8,657,572</u>	<u>\$ 8,300,196</u>	<u>\$ 8,112,170</u>	<u>\$ 7,986,003</u>
\$ 2,444,577	\$ 2,297,121	\$ 2,357,418	\$ 2,437,104	\$ 2,213,413	\$ 2,187,115
1,098,301	1,113,867	1,378,116	1,252,542	1,051,131	911,216
1,101,895	1,144,236	1,109,723	1,010,016	1,020,716	900,014
1,252,684	1,346,056	1,616,088	1,674,031	1,658,849	1,584,287
597,240	640,766	616,803	551,333	540,973	530,248
1,142,933	2,566,285	1,398,181	2,768,353	1,629,279	1,651,904
205,535	2,783,553	1,423,322	1,043,651	479,296	1,499,891
<u>\$ 7,843,165</u>	<u>\$11,891,884</u>	<u>\$ 9,899,651</u>	<u>\$10,737,030</u>	<u>\$ 8,593,657</u>	<u>\$ 9,264,675</u>

CITY OF OSKALOOSA

Miscellaneous Data (Unaudited)

June 30, 2015

Form of government	Mayor/Council
Area	8.03 square miles
Building permits, fiscal year ending June 30, 2015	
Permits issued	120
Estimated costs	\$11,436,272
Fire protection:	
Number of stations	1
Number of full-time fire fighters	8
Police protection:	
Number of stations	1
Number of full-time officers	17
Recreation:	
Number of parks	8
Number of acres	174.60
Number of swimming pools	1
Employees of City as of June 30, 2015	173
Schools:	
Public	3
Parochial	1
Population:	
1900	9,212
1910	9,466
1920	9,427
1930	10,123
1940	11,024
1950	11,124
1960	11,053
1970	11,224
1980	10,989
1990	10,600
2000	10,938
2010	11,463



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Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for the primary government of the City of Oskaloosa, Iowa as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 1, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the primary government of the City of Oskaloosa's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the primary government of the City of Oskaloosa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the primary government of the City of Oskaloosa's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-A-15 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the primary government of the City of Oskaloosa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the primary government of the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Oskaloosa's Responses to Findings

The City of Oskaloosa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City of Oskaloosa's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Oskaloosa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Martens & Company, CPA, LLP

West Des Moines, Iowa
October 1, 2015

CITY OF OSKALOOSA

Schedule of Findings

Year ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements of the primary government of the City, which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting is disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF OSKALOOSA

Schedule of Findings - Continued

Year ended June 30, 2015

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

II-A-15 Segregation of Duties - A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. The three employees in the City Clerk's office collect cash receipts, record collections and maintain custody of collections until deposit. However, when one of the employees is out of office the City is unable to maintain the adequate segregation of duties. As a result, the City has an inadequate segregation of duties over cash receipts.

Recommendation - We recommend segregating the duties of collecting cash receipts and posting them to the general ledger.

Response - This recommendation is accepted. The City will look to realign and reassign duties where practical.

Conclusion - Response accepted.

CITY OF OSKALOOSA

Schedule of Findings - Continued

Year ended June 30, 2015

Part III Other Findings Related to Required Statutory Reporting:

III-A-15 Certified Budget - Disbursements during the year ended June 30, 2015 did not exceed amounts budgeted.

III-B-15 Questionable Disbursements - No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-15 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted. No travel advances to City officials or employees were noted.

III-D-15 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name	Title	Business Connection	Transaction Description	Amount Gross
Gladys Genskow	Pool manager	Gensko Distributions	Concession supplies	\$ 317
Mark Neff	Fire chief	S & S Painting	Painting	1,400
Andy Peiffer	City band member	Composer	Composing	50
Michael Dursky	City band member	Educator	Exam proctor	100
Tom Jimenez	Council member	Quality Rental	Equipment rental	1,440

Chapter 362.5 of the Code of Iowa prohibits transactions with a city officer that has an interest, direct or indirect, in any contract or job of work material or the profits thereof or services to be furnished or performed for the officer's or employee's city. A contract entered into in violation of this section is void. The provisions of this section do not apply if the purchases benefitting that officer or employee do not exceed a cumulative total purchase price of \$1,500.

III-E-15 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

III-F-15 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not. The City published the minutes of the Council proceedings as required by Chapter 372.13(6) of the Code of Iowa.

III-G-15 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

III-H-15 Revenue Bonds - The City established the sinking and reserve accounts required by the sanitary sewer bonds resolution.

CITY OF OSKALOOSA

Schedule of Findings - Continued

Year ended June 30, 2015

Part III: Other Findings Related to Required Statutory Reporting - Continued:

- III-I-15 Payment of General Obligation Bonds - General obligation bond payments were paid from the Debt Service Fund in compliance with Chapter 384.4 of the Code of Iowa.
- III-J-15 Economic Development - We noted no instances of noncompliance with the public purpose provisions of Chapter 15A of the Code of Iowa pertaining to economic development.
- III-K-15 Notice of Public Hearing for Public Improvements - We noted no instances of noncompliance with the Chapters 384.102 and 362.3 of the Code of Iowa.
- III-L-15 Sales Tax - We noted no instances of noncompliance with Sections 701-26.71 and 701-26.72 of the Iowa Department of Revenue and Finance Administrative Rules and Regulations.
- III-M-15 Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.